

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN DAVE KASTEN**, on January 15, 2003 at 8:30 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Dave Kasten, Chairman (R)
Sen. Tom Zook, Vice Chairman (R)
Rep. Christine Kaufmann (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)
Rep. John Witt (R)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Catherine Duncan, Legislative Branch
Jane Hamman, OBPP
CJ Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 6 & 8 RENEWABLE RESOURCE GRANT AND
LOAN APPLICATIONS
HB 11 TREASURE STATE ENDOWMENT PROGRAM
APPLICATIONS

Executive Action: None

CHAIRMAN KASTEN opened the hearing.

**Park County Cook City, TSEP-Project #26 Page 159,
and RRGL-Project #14 Page 52**

CHAIRMAN KASTEN opened the hearing on Park County Cook City, TSEP-Project #26 Page 159, and RRGL-Project #14 Page 52.

Nancy Guccione, TSEP-DOC, reviewed and recommended the full funding of \$500,000 requested for the project.

Pam Smith, RRGL-DNRC, recommended the full funding of \$100,000.

Proponents:

Dave Aune, Research Manager for Park County, said that a new spring had been constructed in 1987, and the fires of 1988 destroyed it. They have reconstructed the spring, but now it doesn't hold any water. He said that the spring is shallow and freezes easily. DEQ has run tests on the water and have determined that it is susceptible to surface water bacteria. He stated that the residents have to boil their water. Part of the water rights is shared with the State. They also do not have any water storage system in case of fires, and the low distribution is a fire hazard. **Mr. Aune** asked that the Committee support the three new wells, and a 230,000 gallon storage tank.

Gary Brown, Member of the Water Board for Cook City, stated that Cooke City is dependent on tourism, and urged the Committee to support this project.

REP. BRUCE MALCOLM, HD 25, wanted to go on record in support for this project and funding.

Opponents: None

Questions from Committee Members and Responses:

SEN. ZOOK asked Mr. Aune why Park County buried their pipe only three to four feet deep. **Mr. Aune** responded that he didn't know, except for poor design and they are paying for it today. **SEN. ZOOK** said that all applicants for these projects are rated on the median household income and asked why they ranked 51st out of 55 applicants. **Mr. Aune** said it is based on financial need, even though they ranked high in public health need in terms of economic and business development.

CHAIRMAN KASTEN closed the hearing on Park County Cooke City.

**Phillips County Green Meadows, TSEP-Project #22 Page 139,
and RRGL-Project #34 Page 105**

CHAIRMAN KASTEN opened the hearing on Phillips County Green Meadows, TSEP-Project #22 Page 139, and RRGL-Project #34 Page 105.

Kim Hayes, TSEP-DOC, reviewed and recommended the requested grant of \$112,500.

Pam Smith, RRGL-DNRC, recommended the request of \$100,000.

Proponents:

SEN. SAM KITZENBERG, SD 48, stated his support for this project and urged the Committee a DO PASS on this funding.

Anne Boothe, Phillips County-Green Meadows, reiterated SEN. KITZENBERG'S comments in support of this project. She reviewed the many letters from constituents, and asked for a DO PASS to fund this project.

EXHIBIT(jlh08a01)

Terry Hines, Green Meadows, stated his support for the project. He said that the well's distribution is too far from the residential community and that is the reason they have a lot of problems. He said that the community was OK until the Federal Clean Water Act was initiated, which has depleted their funds in reserve.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 25}

Allen Van Crowder, Green Meadows, informed the Committee that Green Meadows is at the end of the water line and most of the time the community doesn't have any water pressure. He urged the Committee to fund this project.

Bob Church, Consulting Engineer with Entranco, said that the system is deficient in most aspects such as back flow into the main water system. He said that the water storage tank is too small if there happened to be any fires. He said that they can do two things: 1) update the existing system; or 2) hook up with the city of Malta.

Opponents: None

Questions from Committee Members and Responses:

SEN. TESTER asked how far the community is from the hook-up with Malta. **Bob Church** replied that they are only about 600 feet away.

REP. WITT asked Anne Boothe about the back flow and wanted to know why the community hasn't taken care of this. **Mr. Church** responded stating that when the water pressure is low and the water is running, it sucks pollutants back into the line.

Ms. Boothe also stated that the TSEP and the RRGL is very important to the communities and urged the Committee to support their project.

{Tape: 1; Side: A; Approx. Time Counter: 25 - 32}

{Tape: 1; Side: B}

CHAIRMAN KASTEN closed the hearing on Phillips County Green Meadows.

**City of Conrad, TSEP-Project #17 Page 114,
and RRGL-Project #31 Page 96**

CHAIRMAN KASTEN opened the hearing on the City of Conrad, TSEP-Project #17 Page 114, and RRGL-Project #31 Page 96.

Jim Edgcomb, TSEP-DOC, reviewed and recommended the requested grant of \$500,000. He stated that if this grant is approved, the Committee should terminate the \$100,000 requested from the 2001 Legislature. He said that this was an emergency grant for the same project that is before them today.

Pam Smith, RRGL-DNRC, recommended the full funding of \$100,000.

Proponents:

Byron Grubb, Mayor of the City of Conrad, presented a visual aid of the project and discussed the problems they are having with Lake Francis. He asked that the Committee grant them the TSEP funds so they can use the monies that it is intended for.

Steve Ruhd, Public Works Director for the City of Conrad, reiterated the comments of Mr. Grubb. He discussed the project and the funding required to complete it. He urged the Committee to support this project.

SEN. GLENN ROUSH, SD 43, urged the Committee to support the City of Conrad's request.

REP. NORMAN BALLANTYNE, HD 86, stated his support for the project. He said that there is a greater demand for irrigation due to drought. He urged the Committee to support this project.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked Jim Edgcomb to inform the Committee about the emergency grant for Conrad. **Mr. Edgcomb** responded that the \$100,000 that was awarded was not pursued and they were not able to come up with matching funds to continue with the project. The \$500,000 grant requested this time is for the same project.

CHAIRMAN KASTEN closed the hearing on the City of Conrad.

**Black Eagle, TSEP Project #38 Page 217,
and RRGL-Project #151**

CHAIRMAN KASTEN opened the hearing on Black Eagle, TSEP Project #38 Page 217, and RRGL-Project #151.

{Tape: 1; Side: B; Approx. Time Counter: 0 -23.8}

Jim Edgcomb, TSEP-DOC, reviewed and recommended the requested grant of \$214,200.

Bob Fischer, RRGL-DNRC, said they found the project technically sound, but not high on resource benefits. He recommended the full request of \$50,000.

Proponents:

Chuck Harant, Chairman of the Black Eagle Sewer District, said that the system was installed in the early 1920s. The Anaconda plant that was there for years kept the upgrade done, but since they left, the District have not been able to keep up the repairs. The community is made up of 1,000 people, mainly elderly with low income. He urged the Committee to support this project.

SEN. JOE TROPILA, SD 24, stated his support for this project. He was one of the engineers involved in taking care of this system. He wanted to be on record in support of this project.

SUE DICKENSON, HD 47, want to go on record in support of this project.

SEN. TROPILA said that **REP. BILL WILSON, HD 46**, wanted to be on record in support of this bill.

Opponents: None

{Tape: 1; Side: B; Approx. Time Counter: 25 - 29.4}

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked if they are ready to start on the project if they are awarded this grant. **Chuck Harant** responded that they do have their matching monies and are ready to go. **Jane Hamman** commented that there is a \$50,000 hole and wanted to know how they will cover that. **Mr. Harant** replied that they would have to find a way to cover that deficit.

CHAIRMAN KASTEN closed the hearing on Black Eagle.

**Gardiner-Park County, TSEP-Project #21 Page 135,
and RRGL-Project #50 Page 143**

CHAIRMAN KASTEN opened the hearing on Gardiner-Park County, TSEP-Project #21 Page 135, and RRGL-Project #50 Page 143.

Nancy Guccione, TSEP-DOC, said that they recommend the full grant of \$500,000.

Bob Fischer, RRGL-DNRC, reviewed and recommended the full grant of \$100,000.

Proponents:

Ron Shorter, Manager/Operator of Gardiner-Park County Water District, discussed the project and the needs for funding. He urged the Committee to support this project.

Patrick Murtagh, Engineer for the Gardiner project, distributed a handout that gives the statistics on cancer risks attributed to arsenic in the drinking water. He said they are pioneers in a pilot program that traps arsenic. The tests show that it is working. He said they need \$1.5 million to implement the project. The EPA will not fund the project because they have set precedence for other states that have more population.

EXHIBIT(jlh08a02)

REP. BRUCE MALCOLM, HD 25, stated his support for this project. He said that the community is strong in showing support for projects in their area. He stated that their school burned in 1982, and 80 percent of the Community voted for a bond to rebuild the school.

Opponents: None

Questions from Committee Members and Responses:

SEN. ZOOK asked about the \$1.5 million. **Mr. Shorter** responded.

REP. WITT asked about borrowing \$100,000. **Mr. Murtagh** and **Jim Edgcomb** responded.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 19}

Bob Fischer responded to the project stating that the issues were mostly health reasons. He said they hoped by receiving the RRGL grant that they would also receive the TSEP grant.

Jane Hamman and **Bob Fischer** discussed the ranking on technical feasibility.

CHAIRMAN KASTEN closed the hearing on Gardiner-Park County.

**Town of Geraldine, TSEP-Project #23 Page 144,
and RRGL-Project #55 Page 156**

CHAIRMAN KASTEN opened the hearing on the Town of Geraldine, TSEP-Project #23 Page 144, and RRGL-Project #55 Page 156.

Pam Hayes, TSEP-DOC, reviewed and recommended the full grant of \$500,000.

Bob Fischer, RRGL-DNRC, recommended the full request for \$100,000. He said that this is the second phase of the project that was started two years ago.

Proponents:

Shaun Arthur, Engineer with Delta Engineering Great Falls, discussed the rapid deterioration of the wells and the drinking water situation. He asked the Committee to support this project.

Monica Rice, Mayor of Geraldine, stated her support for this project. She distributed a handout, which she reviewed.

EXHIBIT (j1h08a03)

Annmarie Robinson, Deputy Director for Bear Paw Development, stated her support for the project. She informed the Committee that the water rates have gone from \$30 per household to \$50. She urged the Committee to support this project.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN discussed the depth of the new well and its temperature. **Mr. Arthur** responded stating it is approximately 1,200 feet and about 65 degrees.

REP. WITT wanted to be on record in support of this project.

CHAIRMAN KASTEN discussed the grants and if they are not approved. **Ms. Robinson** responded.

Jane Hamman informed the Committee "that a lot of the legislators are minding accounts that have seven figures in them, and stated that TSEP keeps coming up. She said that a committee bill was approved yesterday by the Education Committee, January 14, 2003, to take TSEP money to fund the Natural Resource Information System in the State Library." **Ms. Hamman** stated "that she wants the Committee to be aware that this is the most sizable pot of money left out there in State Government, and said it (TSEP funds) is a target for anything that anyone can think of."

CHAIRMAN KASTEN thanked Ms. Hamman for those comments.

CHAIRMAN KASTEN closed the hearing on the Town of Geraldine.

**Butte-Silver Bow, TSEP-Project #48 Page 263,
and RRGL-Project #41 Page 122**

CHAIRMAN KASTEN opened the hearing on Butte-Silver Bow, TSEP-Project #48 Page 263, and RRGL-Project #41 Page 122.

Jim Edgcomb, TSEP-DOC, informed the Committee that this project came in below the funding line, and there is insufficient TSEP funds for this project. He said there were problems with the PER which resulted in reducing the health and safety problems.

Pam Smith, RRGL-DNRC, said that points were taken off for technical analysis, but that resource points were awarded for preservation of the drinking water for Butte, and the preservation of high-hazard dams. She recommended full funding of \$100,000 for this project.

Proponents:

Dave Schultz, General Manager for the Water Division of Butte-Silver Bow, stated that Basin Reservoir is the main source of water for Butte. He said that Butte has a series of water resources that are distance away from the town. He said it is a very expensive water infrastructure that serves this area, and Butte has the highest water rates in Montana. He said that Butte has invested \$60 to \$70 million to update the system. **Mr. Schultz** said that this funding is to improve the spillway and install an early warning system to warn the population. He said that the funds will also safeguard the water source. He distributed an analysis of the proposed project.

EXHIBIT (j1h08a04)

Michele Lemieux, Program Manager for DNRC Safety Program, stated that she is also a licensed professional civil engineer. She spoke to the meaning of a high-hazard dam, and the safety of the residence below if the dam flooded.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 15}

Opponents: None

Questions from Committee Members and Responses:

Jane Hamman commented about Butte-Silver Bow having the highest water rates. **Mr. Edgcomb** and **Mr. Schultz** responded.

CHAIRMAN KASTEN closed the hearing on Butte-Silver Bow.

Big Sky, Project #50 Page 272, and RRGL-Page 176

CHAIRMAN KASTEN opened the hearing on Big Sky, Project #50 Page 272, and RRGL-Page 176.

Jim Edgcomb, TSEP-DOC, stated that this project is below the funding line and there are insufficient funds for it. There are proposed improvements that are currently being made to the waste water system and he said that the TSEP funds would be used for constructing an on-site compost facility. He said that the PER

was problematic, and stated that it looked like the funds would be used to provide adequate services for growth.

Pam Smith, RRGL-DNRC, stated that the technical analysis was lacking information and an alternative wasn't mentioned if this didn't work. She stated that funding is not recommended for this project.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

Jane Hamman remarked to Jim Edgcomb that it looked like contracts have been combined prior to the application for the grant. She asked if they were going ahead without the grant money. **Mr. Edgcomb** said that the project is already under construction. He said they wanted to use the monies to further the components of their treatment facility. He said that everything will be built regardless if the grants are approved. He said they wanted to provide a lower rate to the lower income families.

CHAIRMAN KASTEN closed the hearing on Big Sky.

**Homestead Acres, TSEP-Project #52 Page 285,
and RRGL-Page 181**

CHAIRMAN KASTEN opened the hearing on Homestead Acres, TSEP-Project #52 Page 285, and RRGL-Page 181.

Jim Edgcomb, TSEP-DOC, said that this project is in its last phase, but it scored low in the financial need. He recommended no funding for this project.

Pam Smith, RRGL-DNRC, said that this project lacked in the PER section, and recommended no funding for this project. She said that they recommend reapplication after completing the technical analysis report and a comprehensive alternative.

Proponents:

Violet Fulton, Certified Operator in Homestead Acres, discussed the project and the needs of the community; she also stated that the five board members were present in the audience. She distributed her written testimony, which she read, and written testimony from David W. Dobbs, City Engineer.

EXHIBIT(jlh08a05)

EXHIBIT(jlh08a06)

REP. SUE DICKENSON, HD 47, stated her support and wanted to be on record for this project. She said that the application was not presented to the board in a timely fashion for them to review the draft before it was sent in. She also stated that the figures that were used came from the 1990 census. She said that there is strong community support, and asked the Committee to reconsider the funding for this project.

{Tape: 2; Side: B; Approx. Time Counter: 15 - 30}

{Tape: 3; Side: A}

Opponents: None

Questions from Committee Members and Responses:

SEN. JOE TROPILA wanted to be on record in support for this project.

CHAIRMAN KASTEN asked why Big Sky ranked higher up the list than Homestead Acres. **Mr. Edgcomb** responded that Homestead Acres ranked lowest on the economic analysis, their financial need looked at the target rate, and an income survey was not done.

Mr. Edgcomb said that Big Sky scored at the highest level on the median household income (MHI), and the lowest level on the economic condition of households. He informed the Committee that one of the areas they need to remember is that the census is based upon permanent residence. He said that most of Big Sky is second family homes, condos, and the like.

SEN. TROPILA reminded the Committee that the permanent residents at Big Sky are the service people.

CHAIRMAN KASTEN closed the hearing on Homestead Acres.

**Town of Columbus, TSEP-Project #53 Page 290,
and RRGL-Project #59 Page 166**

CHAIRMAN KASTEN opened the hearing on the Town of Columbus, TSEP-Project #53 Page 290, and RRGL-Project #59 Page 166.

Kim Hayes, TSEP-DOC, said they recommended no funding for this project.

Pam Smith, RRGL-DNRC, said they recommended no funding. She stated that no one from the Town of Columbus is present at the meeting, but wanted to deliver a letter from them.

EXHIBIT(jlh08a07)

REP. JACK ROSS, HD 24, stated his support and urged the Committee to fund this project.

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on the Town of Columbus.

**Meadowlark, TSEP-Project #55 Page 300,
and RRGL-Project #57 Page 161**

CHAIRMAN KASTEN opened the hearing on Meadowlark, TSEP-Project #55 Page 300, and RRGL-Project #57 Page 161.

Nancy Guccione, TSEP-DOC, stated that funding is not recommended because the project is financially and technically infeasible.

Bob Fischer, RRGL-DNRC, said that there was good presentation for the project, and recommended the request of \$100,000.

Proponents:

Annmari Robinson, Deputy Director of Bear Paw Development, stated that the TSEP is so important, because there are 23 users that have a problem. She said that with a 50:50 grant with the matching monies, they will have to borrow a substantial size loan for the project. She wanted it to be noted on the record "that her staff goes to an extreme amount of work to make sure that this a fair and competitive process".

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on Meadowlark.

The Committee Members asked questions on the limit/cap of charges, and the selection of qualified firms/engineers to do PER reports. **Mr. Edgcomb** responded.

SEN. JOE TROPILA said that the Committee appreciates the work being done by the staff and the professionalism involved. He wanted to go on record in appreciation for all the work that Annmarie Robinson and her staff have done. **SEN. ZOOK** also commented on the professionalism and stated his support on the staff.

CHAIRMAN KASTEN commented about projects being held up from FWP. **Mr. Edgcomb** asked what the problem is. **CHAIRMAN KASTEN** said there had been a problem the other day that FWP was holding projects up on the 1-2-4 permits. He received a letter from the Director of FWP that they are not holding up any projects, and had a paper trail showing the times and dates that the permits were asked for. **SEN. ZOOK** said it is a problem with the contractors in the FWP and receiving permits from them. **Dave Aune** commented that there is a problem with coordinating projects. He said that engineers are as eager to accommodate and do what they can, but felt that it lacked all around.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 32.7}

{Tape: 3; Side: B}

CHAIRMAN KASTEN adjourned the Committee. He said that HB 11 TSEP, is finished, and the Committee will continue working on HB 6 & 8, RRGL projects on January 16.

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. DAVE KASTEN, Chairman

CJ JOHNSON, Secretary

DK/CJ

EXHIBIT (j1h08aad)